

SCS Agency

Franchise Tax Board

Author: Caldera

NO ANALYSIS REQUIRED

Bill Number: AB 511

Related Bills: See prior analysis Telephone: 845-3036 Amended Date: 3/31/97**NO ANALYSIS REQUIRED**Attorney: Doug Bramhall

Sponsor: _____

SUBJECT: Bank Tax Excess Over General Tax/Local Agency Financial Aid Fund/In-Lieu Provision

- ____ ANALYSIS NOT REQUIRED of this bill -- Not within scope of responsibility of this department.
- ____ TECHNICAL BILL -- No program or fiscal changes to existing program.
- ____ BILL AS AMENDED NO LONGER WITHIN SCOPE of responsibility or program of the department and should be reviewed for reassignment to another department.
- ____ TECHNICAL AMENDMENT - No change in previously submitted analysis required. Approved position of prior analysis is _____.
- ☒ MINOR AMENDMENT - No change in previously submitted analysis required. Approved position of prior analysis is neutral, if amended.
- ____ MINOR AMENDMENT - No change in approved position of _____. See comments below.
- ☒ OTHER - See comments below.

COMMENTS :

The March 31, 1997, amendments adopted provisions discussed in the department's March 27, 1997, analysis of the bill as proposed to be amended.

Under the Bank and Corporation Tax Law (B&CTL), this bill as amended would make the following changes to the in-lieu tax for banks and financial corporations:

- require that the revenues from the in-lieu tax be deposited into the Financial Aid to Local Agencies Fund (the Fund), which would be created by the bill;
- require the Controller to make disbursement from the Fund to all cities, cities and counties and counties based on bank and financial corporation payroll proportions, as determined by the Franchise Tax Board (FTB);
- require that banks and financial corporations in each city, city and county and county semiannually report payroll information to the FTB;
- require the FTB to notify the Controller of the amount of collected taxes attributable to the in-lieu tax;
- eliminate unnecessary, outdated provisions relating to the computation of the bank and financial corporation in-lieu rate; and

DEPARTMENTS THAT MAY BE AFFECTED:

____ STATE MANDATE

____ GOVERNOR'S APPOINTMENT

Department Director Position:

____ S ____ O
____ SA ____ OUA
____ N ____ NP
X NA ____ NAR
____ PENDING

Agency Secretary Position:

____ S ____ O
____ SA ____ OUA
____ N ____ NP
____ NA ____ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved _____
Position Disapproved _____
Position Noted _____

Franchise Tax Board Staff Date
Colin D. Stevens 5/8/97

Agency Secretary Date

By: Date:

- specify that the tax would not be in-lieu of nondiscriminatory parcel taxes.

The department's analysis of the bill as proposed to be amended still applies, including the implementation and technical concerns left unresolved in the March 31, 1997, version of the bill. However, a new implementation concern has been identified. Once the department's implementation concerns have been resolved, the department's position would be neutral.

Implementation concern

The manner in which Section 23186 has been redrafted does not address what entities are subject to the tax rate specified therein. Section 23186, as currently in effect, provides for a rate of tax on banks and financial corporations. The subject of the tax rate needs to be retained in order to properly eliminate outdated provisions.

Analyst	Colin Stevens
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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 511
As Amended March 31, 1997

AMENDMENT 1

On page 8, line 20, after "rate" insert:

for banks and financial corporations